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THE SOCIALIST ECONOMY OF UKRAINE AGAINST THE BACKGROUND OF SOVIET REFORMS

The thirty-second anniversary of Ukraine regaining independence is a perfect reason to remember the historical economic changes in Ukraine. Without knowledge of history, it is difficult not only to understand the present, and predict, and effectively build the future, but also to raise an informed citizen and patriot of the Ukrainian state. The history of the Ukrainian socialist economy is a history of crises and reforms.

The purpose of the proposed article is to try to answer the question: what was the process of implementing economic reforms in the Soviet Union and their impact on economic growth and development of Ukraine's economy. None of these reforms changed it structurally because they did not aim to build a new economic order or transform the old one; their mission was to save the socialist economy.

The chronological boundaries of the study cover the post-war reconstruction in the 1945–1950s, the reforming activities of Nikita Khrushchev, as well as the reforms of the 1960s–1970s. An im-

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portant period of reform of the economic and political systems occurred in the 1980s. The bold economic and political reforms introduced by Mikhail Gorbachev were subsequently referred to as «perestroika» (reconstruction), «uskorenije» (acceleration), and «glasnost» (openness). However, these reform measures were generally late and failed to stabilize the economy, and even destabilized it. Repeated and ill-conceived reforms caused unexpected changes in the politics and economic system of the USSR. The slowdown of positive trends in the agricultural economy of Ukraine and the negative dynamics of industrial production proved the ineffectiveness of the reforms.

For Ukraine, Soviet reforms meant consolidating the status of an integral part of the union economy. The ruling regime did not even allow a moment to think about liberalization or fundamental changes, consistently «tightening the screws» and strengthening the totalitarian order. Attempts to overcome economic stagnation without radical changes in the social order eventually led to its collapse.

Keywords: economic history of Ukraine, Soviet economic policy, centralized management, economic reforms, sectoral disparities, rates of economic growth, economic stagnation, socio-political crisis, systemic collapse.

Петришин Галина

СОЦІАЛІСТИЧНА ЕКОНОМІКА УКРАЇНИ НА ТЛІ РАДЯНСЬКИХ РЕФОРМ

Тридцять друга річниця здобуття Україною незалежності – чудовий привід згадати історичні економічні зміни в Україні. Без знання історії важко не лише розуміти сьогодення, прогнозувати та ефективно будувати майбутнє, а й виховати свідомого громадянина та патріота Української держави. Історія української соціалістичної економіки – це історія криз і реформ.

Метою пропонованої статті є спроба відповісти на запитання: якими були процес впровадження економічних реформ у Радянському Союзі та їхній вплив на економічне зростання та розвиток економіки України. Жодна з цих реформ не змінила її структурно, оскільки вони не мали на меті побудувати новий економічний порядок чи трансформувати старий, – їхньою місією було врятувати соціалістичну економіку.

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Хронологічні межі дослідження охоплюють повоєнну відбудову 1945–1950-х років, реформаторську діяльність Микити Хрущова, а також реформи 1960–1970-х років. Важливий період реформування економічної та політичної систем припав на 1980-ті роки. Сміливі економічні та політичні реформи, запроваджені Михайлом Горбачовим, згодом називали «перебудовою», «прискоренням» і «гласністю». Однак ці реформаторські заходи загалом були запізнилими і не сприяли стабілізації економіки, а навіть дестабілізували її. Неодноразові і непродумані реформи викликали несподівані зміни в політиці та економічній системі СРСР.

Сповільнення позитивних тенденцій у сільському господарстві України та негативна динаміка промислового виробництва засвідчили неефективність реформ. Для України радянські реформи означали закріплення статусу невід'ємної частини союзної економіки. Правлячий режим навіть на мить не допускав думки про лібералізацію чи кардинальні зміни, послідовно «закручуючи гайки» та зміцнюючи тоталітарний лад. Намагання подолати економічний застій без кардинальних змін суспільної системи зрештою призвели до її колапсу.

Ключові слова: економічна історія України, радянська економічна політика, централізоване управління, економічні реформи, галузеві диспропорції, темпи економічного зростання, економічний застій, соціально-політична криза, колапс системи.

Formulation of the problem. After the Second World War, one of the most important tasks was the reconstruction of the economy of the Soviet Union and the economy of the Ukrainian SSR devastated by the war, its reorientation towards peaceful goals. Reconstruction of the economy of Ukraine began immediately after the liberation of the territory of the republic from the fascist invaders. Five-year plans and Soviet reforms were aimed primarily at maintaining the accelerated pace of development of heavy industry, including development of heavy industry in Ukraine.

Soviet Union attempted various reforms of the socialist economic system. They can be divided into three stages. The first stage of economic reforms took place in the 1950s. Nikita Khrushchev took power in the Soviet Union after Stalin's death. In the USSR, criticism

of the policy of preferential development of heavy industry intensified. The «secret report» delivered by Nikita Khrushchov at the 20th Congress of the Communist Party of the Soviet Union initiated a discussion on economic reforms, and the so-called Khrushchov reforms were then introduced. They caused a few favorable phenomena in the economy. First, there was a fundamental change in the system of production orders in collective farms in 1953 and there was a shift to the principle of regionality in economic control through the establishment of the National Economy Council in 1957 [20]. The first stage of reforming the socialist economy ended in failure. The system was not reformed, and there were no sudden changes in the economy. The waste of materials, poor work organization, and ubiquitous corruption had a disastrous impact on the economy of the USSR. However, in 1961, an enormous success was achieved in the field of space exploration by sending the first manned flight with a mission to circumnavigate the globe. During Khrushchov's time, there was also a crisis in American-Soviet contacts, which almost led to nuclear war.

In the second half of the 60s, another attempt was made to reform the socialist economy. In the USSR, the implementation of the so-called Kosygin reforms began. The direction of the reforms corresponded to the concept of the economist Ovsy Lieberman. He suggested expanding the independence, interest and responsibility of state-owned enterprises. The reform caused significant changes in the national economy. Economic changes were most noticeable in small republics, and to a much lesser extent, in Russia and Ukraine. The greatest effects of the reform were recorded during the implementation of the 8th Five-Year Plan in 1966–1970, when the average annual GDP growth exceeded well over 7%. Economists call the Eighth Five-Year Plan for 1966–1970 «golden» because its performance was the best in 35 years. Kosygin's reform was a success, but it did not leave the framework of the centralization system. Until the 1970s, it was not possible to reform the economy and the USSR was forced to return to the traditional planned economy and implement the IX Five-Year Plan for 1971–1975.

In the second half of the 1970s, the process of reforming the economy was finally stopped, and the country entered a period of economic stagnation in which the economy developed only to a small extent. The economic stagnation was influenced, among others, by the arms race between the USA and the USSR or the USSR's in-

volvement in international trade while ignoring the changes taking place in Western societies. The stagnation deepened even further at the end of the 1970s, Prime Minister Kosygin prepared a new economic program intended to increase the duties and responsibilities of individual ministries over the economy. The reform attempt was stopped when Kosygin died in 1980 and the conservative Tikhonov took over as prime minister, delaying the pace of reforms. As a result, the eleventh «five-year plan» from 1981 to 1985 turned out to be unsuccessful, as the economy achieved a growth rate of only 4%. Despite stagnation, Brezhnev managed to avoid an economic crisis thanks to trade with Western Europe and the rest of the world.

In 1985, the country's economy experienced a collapse. Mikhail Gorbachev took power in the Union of Soviet Socialist Republics. Shortly after, in 1986, he initiated «*perestroika*», that is, «reconstruction» of the state through a series of multilateral reforms that assumed increasing civil liberties in the country, modernizing the economy, and warming relations with the West. The first step towards repairing the state is the introduction of the policy of «glasnost», that is, «openness», and the relaxation of censorship.

Mikhail Gorbachev's reforms initiated in 1986 were not only unable to stop the disintegration of the state. They also triggered a chain reaction that, at an unexpectedly rapid pace, led to the collapse of the USSR and the creation of many, more or less sovereign, state entities in its place. The period of implementation of the third stage of economic reforms ended with the bankruptcy of the socialist economy, demonstrating the irreformability of this system.

The economic policy of the Soviet Union paid special attention to the development of industry, defense and mining potential. In Ukraine, this led to an excessive expansion of «defense» at the expense of other sectors of the economy, primarily agriculture and light industry, as well as the food industry, deterioration of ecology and depletion of natural resources. Economic reforms could not change the system of centralized management. They modernized the mechanisms, but did not abolish the essence of the state monopoly.

Analysis of recent research and publications. Issues of reformation and development of the economy of Ukraine were the subject of research by such Ukrainian scientists as K. Gorditsa [4; 8], T. Slyvka [10], V. Surnin [15], O. Bazhan [1] and other. Despite the theoretical and practical value of the work of scientists, the issues of

reforming and developing the Ukrainian economy remain insufficiently researched. The problematic issues of reform do not lose their relevance and require further research, as they remain among the most prioritized, requiring constant attention and careful research, assessment of the positive and negative consequences of the economic management reform in order to draw up balanced conclusions regarding the further effective implementation of reforms in the Ukrainian economy in the future.

Formulation of the goals of the article. The purpose of the study is to analyze the economic reforms of the Soviet Union and determine their impact on the development of the Ukrainian economy.

Ukrainian economy as an integral part of the USSR economy

During the Second World War, Ukraine suffered enormous destruction. The war was extremely difficult, as evidenced by the fact that Ukraine suffered the greatest human and economic losses among all the republics of the USSR. With the advent of peace, post-war reconstruction went hand in hand with the renewal of communist policy. The economic situation was dramatic. Many economic facilities were completely destroyed. Industries that had a significant share in the country's economy suffered the most from the war. In agriculture, livestock farms were particularly affected by losses. Therefore, the structure of the economy has changed. A small part of the property taken out of Ukraine during the war was returned. However, the country did not receive any compensation for the lost property. We had to pay for the new equipment delivered from our own budget. Reconstruction of the war-ravaged economy took place in extremely difficult conditions.

In 1946, the Verkhovna Rada of the Ukrainian SSR issued a resolution on the implementation of the five-year plan for the reconstruction of the national economy for 1946–1950 (hereinafter – the reconstruction plan). It was important for the Union Center to rebuild Ukraine's industrial potential. To achieve the goal, Ukraine was allocated 20.7% of all funds aimed at direct investment in the development of the economy, and this was the highest support in history distributed among the republics. Reconstruction of the country in the new economic space, elimination of unemployment, reduction of rural overpopulation with the announcement of raising the standard of living of the population to the pre-war level – these are the main

tasks. The construction of hundreds of industrial plants was foreseen, the construction of giant plants began in large cities, the launch of which was supposed to lead to rapid growth of industrial production and economic development.

In order to accelerate the expected changes in the heavy industry sector, the communist authorities provided material and material assistance, offering the best materials and raw materials, and engaging the most skilled professionals and specialists. Investment outlays on industry increased gradually, but expenditures on housing, consumer goods industry, and transportation significantly decreased. Agriculture and the food industry, as the most important sectors of economic, were in poor condition and required substantial financial support. The Azovstal and Zaporizhstal plants were reconstructed, along with G. Pietrowski, named after F. Dzerzhinsky, among others. The volume of industrial production (rolling of ferrous metals, iron ore) exceeded the pre-war level, and other production (steel, cast iron, coke) reached 93–95%. Machine-building plants were opened – Kharkov Tractor Plant, Kyiv «Bolshevik», Voroshilovgrad Steam Locomotive Plant and others. The development of industry, especially heavy industry, transformed Ukraine from an agrarian country into an industrialized country. Then, pre-war production, oil and natural gas extraction was resumed. The entire fundamental communication network, along with numerous railway lines (such as Donbass and Kryvbass), was reconstructed. Between 1946 and 1950, 129 coal mines were opened, with a total capacity of fifty-two million tons per year. Several new mining levels were put into operation in sixty mines, and pre-war industrial efficiency was restored. Over 2,000 industrial enterprises were reconstructed, including several new ones in Lviv [1]. Despite challenges and inflated costs, the economic reconstruction progressed rapidly. The process of rebuilding Ukrainian industry was relatively quick and effective, accomplished without foreign loans. Between 1946 and 1950, the socialist economy of Ukraine recovered more rapidly than anticipated.

There were significant disparities in economic development among various sectors. While the heavy industry sector experienced rapid growth, the agricultural, food, textile, and clothing industries consistently lagged behind. The reconstruction of light industry enterprises proceeded at a sluggish pace; by 1950, its gross production had reached only 79% of the pre-war level. There remained a short-

age, or even absence, of funds to meet basic living needs. The basic task of agriculture, as one of the main sectors of the Ukrainian economy, was to provide food and raw materials. However, the Soviet authorities ignored the social aspects of people's lives, which led to the deepening of contradictions. The Soviet authorities were forced to import grain [4, c. 249–250].

Environmental protection issues were largely ignored, as evidenced by the construction of chemical plants in spa areas. The rise in production, particularly in the extraction of hard coal, kerosene, natural gas, and iron ore, was achieved through the unsustainable consumption of fixed assets and the exploitative use of resources. The impacts of war and the establishment of collective farms exacerbated the chronic shortages of machinery, livestock, draft animals, seeds, and laborers, leading to the significant degradation of Ukrainian agriculture. Mainly women, children, and the elderly worked in agriculture. Lack of rainfall, or drought, negatively affected many crops and caused significant losses. The decline in harvests in the southern regions of the republic is one of the reasons for the poor condition of Ukrainian agriculture. Rural areas of southern and eastern Ukraine found themselves in a dramatic situation, deprived of any food, which ultimately led to famine. The famine disaster affected millions of Ukrainians. It is estimated that at least 800,000 people died during the famine in Ukraine [2]. Despite large demographic losses, the Ukrainian village still had a large labor force. Men demobilized from the army and returned to the collective farms. The harsh regime forced children from the age of 12 and older people to work. Poor work organization, based only on coercion and protection of property against theft, produced poor results.

In the years 1946–1947, famine could have been avoided. The country had sufficient food reserves. The famine occurred in one of the most fertile countries in Europe during peacetime, when the USSR was exporting huge amounts of grain. The wheat grown was taken abroad, and ordinary workers died of hunger. In 1948–1949, the Stalinist regime began to implement plans to collectivize agriculture in the western oblasts of Ukraine. Collectivization was carried out using the same method as in the 1930s in the Ukrainian RSR. Increasing tax pressure on rich peasants, coercion, and deportation of disobedient people to Siberia and Central Asia [21]. In the western regions of the Ukrainian RSR, at the end of 1949, there were over

6,000 collective farms, covering 61% of peasant farms, and in 1950, collective farms covered 96% of peasant farms and over 99.4% of arable land [14]. In the mountainous regions of the Stanislavov and Zakarpattia Region, the process of collectivization continued and ended only in 1952.

Thanks to the heroic efforts of the Ukrainian people, significant success was achieved in rebuilding the war-damaged economy and achieving the indicators set out in the Reconstruction Plan. The industry is gradually developing, and the energy sector is also developing slowly but surely. The reopened gas and oil industry is gradually regaining its pre-war position. Dynamic economic growth drives huge demand for raw materials. Not all industries managed to successfully implement the Recovery Plan and achieve the indicators. The worst situation was in trade, transport, communications, municipal services, health care, and education. The situation in agriculture meant that aid for the countryside was insufficient in relation to its needs. The development of the eastern regions of the RSFSR resulted in a significant decline in the share of the Ukrainian economy in the economy of the USSR.

The years of the Khrushchov «thaw»

At the end of the 1950s and in the first half of the 1960s, the principles of economic policy in the USSR almost did not change. However, after Stalin's death, attempts were made to revise some aspects of economic policy in terms of systemic changes, without changing the foundations of the totalitarian system. After the «long winter» of the Stalinist regime, there was a period of liberalization, or relaxation of the regime, metaphorically called the «thaw» [15]. In the Soviet Union, especially in Ukraine, the thaw is connected with the personality of the General Secretary of the Communist Party, Nikita Khrushchov, who spoke during the 20th Congress of the Party with the report «The Cult of the Personality and its Consequences». Khrushchov condemned the policy of Joseph Stalin and subjected it to sharp criticism, accusing him of the murder of thousands of party members, widespread use of terror, and building a cult of self and pride. After the report was announced, censorship and repression weakened, and culture began to develop more freely. Despite deleting the famous paragraph 58 of the Soviet Penal Code (on counter-revolutionary activities) and rehabilitating some of Stalin's victims,

Khrushchov and his successors did not change the powerful terror apparatus that continued to brutally deal with real or imaginary enemies of communism.

Nikita Khrushchov, ruling a powerful empire, had a certain advantage over Stalin. Over the years of his activity in party structures in Ukraine, he had the opportunity to observe the realities of the functioning of the USSR. Noticing numerous anomalies in Soviet reality and trying to change and repair it, he wanted to be perceived as a great reformer of the Soviet empire. He dreamed of the power of the USSR and achieving economic advantage over the USA [13]. He was the first to attempt to reform the huge empire, which continued to play an important role for decades.

The Soviet economy faced the tasks of further development, the scale of which was large. The economic system, including the multi-year planning system, required deep and comprehensive reform. The immediate implementation of radical reforms was supposed to bring the socialist economy onto the rails of real development, which meant abandoning plans to reproduce old, inefficient economic structures. Important political events that took place in the USSR in 1956 paved the way for the realization of the concepts of democratization and decentralization in the spheres of socio-economic life. Decentralist tendencies in the sphere of state economy management were reflected in the reformation and liquidation of branch ministries. According to the prerequisites of the reform of 1957, the ministries were transformed into Councils of National Economy [23]. However, reforming the ministries did not improve the economic situation. Enterprises, instead of being under the protection of ministries and agencies, found themselves under pressure from the Councils of National Economy [3]. Unlike the ministries, the «radnarkhoz» operated in a centralized system and could not use economic methods of management. They used the old bureaucratic methods of management and remained practically the same ministries in relation to enterprises; only they operated in a certain territory, not in an industry. In fact, management methods and economic mechanisms did not change at that time. This indicates a lack of proper organization and continuity of activity. As a result of the reform carried out in the USSR, the country slowly entered the path of developing a socialist economy and had a real opportunity to strengthen its backward economy. The economic, political and military power of the state depended on the

degree of development of agricultural production. The struggle to increase the productivity of agriculture has become a key factor determining the profitability of the food industry.

Developing new lands for cultivation as part of the «virgin lands sowing program» in Central Asia and South Siberia did not bring the expected results. Observing the successes of animal breeding and the agricultural sector of the economy in the USA, the leader of the party and state, reformer Nikita Khrushchov, decided to introduce to the USSR some achievements of American farmers [24]. In the mid-1950s, agriculture became profitable for the first time. Gross indicators of agricultural production, including cereals, and the number of breeding animals increased. This trend, however, turned out to be unstable, because, after the peak of production growth in Ukrainian agriculture was recorded in the mid-1950s, the parameters began to decline rapidly. If in the years 1951–1958 there was an increase in gross production by 65%, in the years 1959–1964 it was only by 22%. The annual increase in industrial production was 12.3%, the increase in national income was 11.7%, and in the years 1959–1965 by 8.8% and 7%, respectively. The year 1960 marked a period of several significant achievements in the development of the national economy. There was a relatively rapid increase in production, with the share of Ukrainian industry in the structure of the USSR's national income reaching 47.9%, agriculture at 29.1%, transport and communications at 4.7%, construction at 8.2%, and trade at 11.1% [6].

Also decreased the average annual growth rate. The dynamic development during the first period of Khrushchov's rule contributed to improving the standard of living for Ukrainian citizens. Economic growth remained high compared to Western countries, and good trends prevailed in the Ukrainian economy, although they slowed significantly in the second half of the 1950s. The changes in the economy introduced by Nikita Khrushchov had positive and negative consequences, especially visible in agriculture during the period of attempted widespread cultivation of corn [12].

Kosygin's liberal reforms

After Nikita Khrushchov was removed from power in 1964, the new USSR leadership led by Leonid Brezhnev developed its own concept of economic development, realizing the impossibility of returning to Stalinist methods of state management. The implementa-

tion of the concept began with economic reform, which is often identified with the name of the then Chairman of the Council of Ministers of the USSR, Alexei Kosygin. The Kosygin reform of the 1960s was called «Libermanization» by skeptics, after the name of Professor Ovsy Liberman from Kharkov, who advocated expanding the independence and responsibility of enterprises [26].

It was an attempt to organize the functioning of enterprises based on profitability indicators. The «Kosygin» reform aimed to address the shortcomings of the planned economy and decentralize the Soviet economic system. It sought to empower regional planners by establishing associations while mitigating negative phenomena such as rising demand for capital investments, unfinished construction, and disproportions in sectoral development. To achieve this goal, various activities were planned. These included the development of enterprises, the reduction of planned indicators, the establishment of material stimulation funds, the financing of entrepreneurial investments through credit instead of subsidies, and the dissolution of the National Economy Councils in favor of a return to the sectoral management system [7].

Additionally, there were plans for price increases for the purchase of agricultural products and the distribution of national income to the agricultural sector. The first years after the introduction showed very positive results of the reform: revival of agricultural production, improvement of food supply to cities, and increase in labor productivity. But already in the early 1970s, the pace of economic development slowed down significantly, and the Soviet leadership gradually abandoned all reforms. The events in Czechoslovakia in 1968 scared the leaders of the USSR and made them think about the future functioning of the socialist system. In the mid-1970s, the Soviet economy completely lost the growth dynamics of the 1950s and 1960s. Economic activity in the country decreased, and the pace of industrial development slowed down [22].

However, the pace of implementation of centralization and bureaucratization in the state management system is increasing. The agricultural crisis deepened, food purchases abroad increased (10 times), the shortage of goods increased, the pace of housing construction decreased, and environmental problems deepened. After a short period of prosperity, there came a lasting period of stagnation, which gradually evolved into a crisis affecting all aspects of life –

economy, politics, and ideology [25]. The socialist economy found itself in a serious depression. Corruption and gigantomania began to emerge, and the actual enrichment of party nomenclature groups and clan conflicts became increasingly visible and problematic for the economy.

The Ukrainian socialist economy, which had the greatest potential to become the fastest-growing and largest economy among the USSR republics, slowly lost its pace of development in the early 1970s. After reaching its peak, the level of economic activity decreased and gradually stagnated. The Ukrainian economy favored the «gray zone», filling the gaps with socialist plans and the gaps of the inefficiently planned economy. The average annual growth rate of gross domestic product in the Ukrainian SSR decreased from the «Five-Year Plan» to the «Five-Year Plan»: from 6.75% in 1966–1970 (eighth five-year period) to 3.4% in 1981–1985; national income from 6.7% to 3.4%, respectively; production of industrial products from 8.4% to 3.5%; capital investments from 6.8% to 3.1%; the growth rate of labor productivity dropped more than twice, from 6.2% to 3.0%. The growth rate of gross agricultural production decreased from 3.2% to 0.5% [16]. In the second half of the 1970s, the Ukrainian economy experienced a complete loss of momentum.

Economic stagnation in the socialist economy was explained by the ongoing arms race and, paradoxically, the desire to preserve the ineffective system of state monopoly. The centralized planned economy was characterized by the predominance of state ownership of the factors of production, which were managed by the state bureaucracy. Effective planning of the economic development of such a huge country as the USSR turned out to be a difficult task.

The reasons for the failure of reforms in the socialist economy in the 1970s lie at the heart of the totalitarian economy that was the Soviet economy. Economic reforms could not be successful without introducing real instruments for changing the political system, democratization, and real sovereignty of the republics. The basic cause of the crisis of the Soviet economy is the functioning political system in which one party has completely monopolized the right to power i.e., the monopoly of power of the communist party. Practice shows that elements of a market economy generally cannot function in a centrally planned economy because a centrally planned economy is the opposite of a market economy.

Transformation of the socialist economy in the 1980s

The increase in crisis phenomena in the economic life of the USSR in the first half of the 1980s led to the need to change the political course. In April 1985, Mykhailo Gorbachev, the leader of the younger generation of the party, came to power. Plunged into an economic crisis, the economy of the Soviet Union required changes in many areas. The USSR was falling further and further behind the West, where modern technologies were introduced and the standard of living of the population was systematically rising. The Soviet Union was losing in the competition with the West and was in danger of losing the arms race and losing its status as a world power. In order to prevent this and to overcome the long-term stagnation inherited from Brezhnev's rule, which had hindered economic development, the new leader of the communist party, M. Gorbachev, announced a course of political and economic reforms.

In 1986, a reform called «perestroika» was announced, which included: rebuilding the economy of the USSR, opening the country to the world, modernizing the economy, increasing civil liberties, limiting corruption, and warming relations with the West. The reform was initiated despite furious resistance from the conservative part of the party nomenclatures. However, the real goal of «perestroika» was not to change the system, but to improve it [5].

During the period of «perestroika», «glasnost» (openness) was introduced, censorship was abolished, and the provision on the leading role of the CPSU was withdrawn from the constitution. It also started the fight against alcoholism among residents. Gorbachev carried out all reforms slowly so as not to discourage the conservative opposition. «Perestroika» caused even greater instability and disruption of social and political balance. Less and less money was allocated to the budget; most of the production was allocated for export, to cover the currency deficit, which was becoming more and more difficult [9]. The situation worsened due to the inconsistency of structural changes in the economy of Ukraine with development trends leading countries of the world. They emphasized the introduction of innovations in the fuel and energy complex and the development of alternative renewable energy sources. Instead, the Soviet policy consisted in pumping out and exporting energy carriers [10, с. 312–317].

The economic crisis was deepening rapidly, and the actions taken by the Soviet leadership did not bring the expected improve-

ment. The economic and socio-economic situation in the country was already very bad and required comprehensive remedial actions, which so far had been undertaken only on a point-by-point basis. The implementation of the «Anti-Alcohol Law» resulted in excessive difficulties and financial damage to the economy of the USSR, particularly affecting Ukraine. During this period, over 20% of the republic's budget relied on revenue from alcohol sales. As a consequence of the anti-alcohol campaign, more than 60,000 hectares of vineyards were either completely or partially destroyed, while the illegal alcohol trade and corruption proliferated. The inconsistent and chaotic nature of the reform is one of the reasons for the failure.

At the end of the 1980s, a massive economic crisis emerged in the Soviet Union. The centrally controlled machine of the USSR was unable to compete with the modern market economy of the USA. The gap between the two powers was widening. The leadership of the CPSU was aware of the desperate situation. However, it was absorbed in efforts to exit the financial crisis or minimize its effects [11]. The economic crisis was followed by a social crisis, mainly in the form of an increase in hidden unemployment and increased social tension. The economic reforms of the «*perestroika*» era were doomed to failure from the beginning. They did, not only, lack the foundational assumptions and principles of credit and financial policy. Most importantly, they were attempted within a centrally planned economy, where state control over the market was absolute, state ownership prevailed, and inefficient management methods abounded. Power in the state was exercised by ministries and departments, that is the bureaucratic apparatus [17].

In the first years of «*perestroika*» little changed in the Ukrainian economy; the economy continued to shape and develop industries and achieved significant growth. At the beginning of the 1980s, the republic produced more than 50% of iron ore (USSR), 25% of coal production, 97% of coal combines, 52.3% of freight wagons, 33.2% of turbines, 24.7% of tractors, etc. However, despite some achievements, many problems remain, including the problem of the quality of industrial products. In the second half of the decade, the pace of development of the socialist Ukrainian economy slowed down, which intensified the economic crisis. The slowdown in economic growth and the decline in production efficiency required a change in the direction of economic policy. The average annual growth rate of gross

domestic product in the period 1986–1990 compared to the years 1981–1985 decreased from 3.4% to 1.9%; gross national product – from 3.4% to 2.4%, respectively; production of industrial products – from 3.4% to 3% [16].

Gorbachev's reforms, though hasty and tinged with improvisation, led to a tremendous revitalization of society. It turned out that the «Soviet people» were no longer willing to tolerate the dictatorship of the Communist Party. Decision-makers, especially those overseeing the resurgence among the nations within the Soviet Union, felt the impact of this particularly harshly. Their activity had a detrimental effect on the durability of the communist empire, even though decentralization processes did not immediately manifest themselves. As a result of the subsequent restructuring process known as the «parade of sovereignties», the Union collapsed in December 1991, giving birth to 15 independent and sovereign states on its ruins.

After the collapse of the Union of Soviet Socialist Republics, there was an economic collapse in the former republics, in particular in Ukraine. It lasted for many years. The fall of communism forced radical changes in the political, socio-economic system and property relations. Socio-economic changes resulted in the emergence of a new layer in society, that is, owners. Fundamental changes occurred in the system of division of labor, and social and economic mobility increased.

Conclusions. The activities presented in the article aimed at reforming the economic structure of the Soviet Union and the economy of Ukraine, revealed an unchanging trend, which was the industrialization of the country. Hopes were associated with it for economic development, the elimination of open and hidden unemployment, the improvement of economic conditions, and the improvement of living conditions. The industrialization process is supported by agricultural reform – the «collectivization» of agriculture, which was the largest undertaking of the Stalinist authorities in the Ukrainian countryside. The agricultural reform was supposed to lead to a change in the principles of the state's agricultural system and increase food production. The post-war reconstruction of industry had a negative impact on the development of other sectors and departments of the economy. The inequalities were deepened by industrialization based on Stalinist economic canons, favoring production sectors related to the arms industry. This was also caused by the emphasis on the de-

velopment of new industries, mainly heavy and machinery, and the neglect of areas such as the consumer industry, transport, and services. The economic structure formed in the 1950s did not consider, aside from the arms sector, contemporary trends in the global economy influenced by the scientific and technological revolution. It only minimally met the consumption needs of society.

Throughout the 1950s and the first half of the 1960s, the fundamental principles and structure of the Ukrainian economic system remained unchanged, as evidenced by the failure of economic reforms. The unfavorable economic phenomena persisting towards the end of the 1960s, along with escalating political unrest in the Eastern Bloc countries, compelled the Soviet leadership to seriously contemplate the political trajectory of the USSR and to announce reforms. Attempts to rebuild it in the 1970s ended in failure. The failed attempts had the same source: the desire to maintain the communist economic system at all costs, combined with disregard for the needs and social moods.

The economic reforms of the 1980s not only failed to bring about a comprehensive reconstruction of the USSR's national economic system but also triggered a chain reaction that led to its collapse at an unexpectedly rapid pace. It is to the credit of Gorbachev's team that the entire reform process unfolded in a peaceful atmosphere. Speaking of «perestroika» in Ukraine, it can be said that the leadership of the Communist Party at the time made every effort to maintain the status quo. The «perestroika» reform in the Ukrainian SSR followed the general Soviet pattern. The implementation of the «perestroika» reform, which was multifaceted and multi-stage, involved both the center and the republics: acceleration of economic development without altering the essence of the Soviet socialist system, 1985–1986; attempt to reform the system, 1987–1990; and uncontrolled processes accompanied by the intensification of crisis phenomena and the collapse of the Soviet Union, 1990–1991.

The article attempts to answer the question: what was the process of implementing economic reforms in the Soviet Union and their impact on economic growth and development of the economy of Ukraine. Analysis of the indicators of change shows that the economy of Ukraine occupied an important place in the economy of the USSR, but the positive trends were short-lived. The economic reforms carried out in the Soviet Union were aimed primarily at the development

and modernization of industry. However, the lack of changes in the political direction did not allow the implementation of more radical economic options, and, as a result, progress in the liberalization of the Ukrainian economy is less.

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